
TERMS OF REFERENCE

Audit Committee

of

The Biotech Growth Trust PLC

Last reviewed on 12 February 2026

First adopted by the Board
28 February 2017

The Biotech Growth Trust PLC
Audit Committee - Terms of Reference

The Audit Committee (the “Committee”) is a committee of the Board of Directors of The Biotech Growth Trust PLC (the “Board”), from which it derives its authority and to which it reports.

1. Membership, Appointment and Attendees

- 1.1 The Committee is appointed by the Board, in accordance with the Articles of Association of the Company and with reference to recommendations made by the Nominations Committee.

Membership

- 1.2 The Committee shall comprise three or more independent non-executive Directors appointed by the Board.
- 1.3 The Chair of the Board shall not be a member of the Committee but will have a standing invitation to attend Committee meetings.
- 1.4 At least one member of the Committee shall have significant, recent and relevant financial experience and competence in accounting and/or auditing.
- 1.5 The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.6 Members must declare any conflicts of interest or potential conflicts of interest at the start of each meeting.

Appointments

- 1.7 All Directors seek re-election on an annual basis. Members are appointed to this Committee on the same basis.
- 1.8 The Chair of the Committee shall be appointed by a majority of the Board, giving particular consideration to those Board members with relevant financial experience and may be paid an additional fee in recognition of the extra duties involved.

Secretary

- 1.9 The Company Secretary shall act as Secretary of the Committee and provide governance and administrative support to the Committee.

1.10 Attendees

- (a) Any other Board members;
- (b) The external independent auditor;
- (c) A representative of the Company Secretary;
- (d) Any person or persons from the AIFM or Portfolio Manager invited by the Committee;
- (e) Any other person(s) who the Committee may invite from time to time.

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The attendees listed above are not members of the Committee and accordingly will be required to leave a meeting of the Committee (permanently or temporarily) if the Committee, or the Chair of the Committee, considers it appropriate or desirable for them to do so.

2. Meetings and Quorum

Frequency of Meetings

- 2.1 Meetings will be held at least three times each year to i) review the Company's draft Annual Report & Financial Statements, ii) review the Half Year Report of the Company and the audit plan; and iii) review the risk register and ensure risks are being adequately disclosed to shareholders. It may also meet at such other times as the Chair of the Committee shall require.
- 2.2 A representative of the external auditors shall attend not less than one meeting per year, such meeting will include the review of the annual results. The Chair or another member shall meet the audit partner at least once during the year to discuss audit planning, the auditor's remit, and without management present, to discuss matters relating to the auditor's remit and any issues arising from the audits.
- 2.3 The external auditors may request additional meetings if they consider them necessary.

Notice of Meetings

- 2.4 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Committee not less than three working days prior to the date of the meeting.
- 2.5 The Committee shall, at least once a year, evaluate its own performance, constitution and terms and make any necessary recommendations for change to the Board, to ensure the continued maximum effectiveness of the Committee.

Annual General Meeting

- 2.6 The Chair of the Committee shall attend the Annual General Meeting of the Company to respond to any questions that may be raised as matters within the Committee's area of responsibility.

Quorum

- 2.7 The quorum necessary for the transaction of business shall be two members of the Committee.
- 2.8 A meeting of the Committee may consist of a conference between Committee members some or all of whom are in different places provided that each Committee member who participates in the meeting is able: to hear each of the other participating Committee members addressing the meeting; and if s/he so wishes, to address each of the other participating Committee members simultaneously, whether directly, by conference telephone or by any other form of communication equipment (whether in use when this article is adopted or developed subsequently) or by a combination of such methods.

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3. Minutes, Reporting and Disclosure

Minutes

- 3.1 The Committee shall cause minutes of all proceedings of the Committee to be taken.
- 3.2 The signed minutes of each meeting of the Committee shall be circulated to all Committee members and attendees as appropriate provided that no conflict or conflicts of interest would arise thereby.

Reporting

- 3.3 The Chair of the Committee will report to the Board on how it has discharged its responsibilities and the Committee's decisions and recommendations.
- 3.4 The work of the Committee in discharging its responsibilities shall be disclosed in the Company's Annual Report. The Committee shall ensure disclosure in the Annual Report of all the relevant requirements set out in the AIC Code of Corporate Governance, as amended from time to time, including the requirements of the *Audit Committees and the External Audit: Minimum Standard* published by the FRC.

Disclosure

- 3.5 A description of the Committee's duties and activities during the year shall be disclosed in the Annual Report.

4. Resources, Advice and Training

Resource

- 4.1 The Committee shall be provided with sufficient resources to undertake its duties.
- 4.2 The Committee shall have access to the services of the Company Secretary on all Committee matters including:
- assisting the Chair of the Committee in planning the Committee's work;
 - drawing up meeting agendas;
 - maintenance of minutes;
 - drafting of material about its activities for the annual report; and
 - collection and distribution of information and provision of any necessary practical support.

Advice

- 4.3 The Committee shall have the power to engage independent counsel and other professional advisers at the expense of the Company.

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Induction and Training

- 4.4 The Committee shall establish any process it considers necessary for the induction of new Committee members and, where required, ongoing training of existing Committee members.

5. Scope of Authority

The Committee is authorised to:

- 5.1 carry out any investigation relevant to its terms of reference.
- 5.2 take independent professional advice and to request any officer or adviser as they see fit, and at the expense of the Company, to attend meetings of the Committee in order to obtain such information or advice.
- 5.3 seek any information it reasonably requires from a representative of any third-party service provider in order to perform its duties;
- 5.4 request a representative of a third-party service provider to attend any meeting of the Committee; and
- 5.5 have timely and unrestricted access to relevant documents relating to the affairs of the Company.

6. Responsibilities of the Committee

- 6.1 The principal responsibilities of the Committee are:

- to monitor the Company's accounting policies, the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and to review any significant judgements contained therein;
- to review the financial and management reporting of the Company and ensure that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to review the Company's risk management and internal control systems and carry out a review of their effectiveness;
- to review the performance fee calculation in consultation with the external auditor;
- to conduct the audit tender process and to make recommendations to the Board in relation to the appointment or removal of the external auditor;
- to approve the remuneration and terms of engagement of the external auditor;
- to annually review and monitor the scope and effectiveness of the external audit and the auditor's independence and objectivity;
- to manage the relationship with the external auditor including the development and implementation of policy on the supply of non-audit services, ensuring that there is prior approval for any non-audit services, considering the impact this may have on independence, and reporting to the Board on any improvement or action required;
- to review compliance with regulatory and financial reporting standards; and
- to report to the Board on how the Committee has discharged its responsibilities, identifying any matters in respect of which it considers that action or improvement is needed, and making recommendations as to the steps to be taken.

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The Committee members must act in accordance with the Directors' Duties set out in ss. 171 -177 of the Companies Act 2006.

6.2 Financial Reporting

The Committee shall:

- review the significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements, announcements of results and related formal statements (e.g. release of price sensitive information);
- consider significant accounting policies and whether the policies adopted are appropriate, any changes to them and any significant estimates and judgements;
- review the adequacy and scope of the external audit thereof and compliance with regulatory and financial reporting requirements, the clarity and completeness of disclosures in the financial statements and consider whether the disclosures made are set properly in context;
- satisfy itself that the Annual and Half Year Reports and any other significant published financial information are properly and carefully prepared, and taken as a whole give a fair representation of the Company's affairs;
- review related information presented with the financial statements, including the operating and financial review, and corporate governance statements relating to the audit and to risk management;
- where Board approval is required for other statements containing financial information (for example, summary financial statements, significant financial returns to regulators and release of price sensitive information), whenever practicable (without being inconsistent with any requirement for prompt reporting under the Listing Rules) the Committee shall review such statements first.

6.3 Internal Controls and Risk Management Systems

The Committee shall:

- carry out an annual review of the effectiveness of the Company's risk management and internal control framework, covering all material controls including financial operational, reporting and compliance controls;
- review the reports on the internal controls of the Company's service providers;
- periodically review arrangements at the Company's service providers for dealing with particular risks, including cyber risk;
- establish a process for identifying, assessing, managing and monitoring the risks which may have a material impact on the Company;
- review reports on the conclusions of any testing carried out by the external auditor;
- review and approve the statements included in the Annual Report in relation to internal control and the management of risk, including statements in compliance with provision 34 of the AIC Code of Corporate Governance (once in effect).

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6.4 Whistleblowing

The Committee shall review the arrangements by which staff of service providers to the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and satisfy itself that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Audit

6.5 Internal

The Committee shall monitor and review the need for an internal audit function annually, make an appropriate recommendation to the Board and where applicable ensure that the reasons for the absence of such a function are explained in the relevant section of the Annual Report.

6.6 External

The Committee shall:

- be responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor and on their terms of engagement and remuneration;
- meet annually with the auditor to review the annual results and to discuss any major issues that arose during the course of the audit;
- satisfy itself that the level of fee payable in respect of the audit services provided is appropriate for an effective audit to be conducted;
- review and if necessary seek amendments to the Letter of Representation to be given by the Board to the external auditor, in order to ensure it is based on a good understanding of the Company's business;
- review and discuss with the auditor their engagement letter issued at the start of each audit, ensuring that it has been updated to reflect changes in circumstances arising since the previous year and the scope of the audit process proposed to be undertaken by the external auditor;
- arrange for additional work to be undertaken, if the Committee is not satisfied as to the adequacy of the scope of the proposed audit;
- annually assess the qualification, expertise and resources, and independence of the external auditor taking into account relevant UK professional and regulatory requirements (including compliance with Ethical Standards) and the relationship with the external auditor as a whole, including the provision of any non-audit services;
- seek confirmation of the audit firm's policy on the rotation of audit partners (normal rotation period five years);
- develop and recommend to the Board the Company's policy on the provision of non-audit services by the external auditor, specifying the types of non-audit work from which the auditor is excluded, taking into account relevant ethical guidance regarding the provision of non-audit services;
- consider and if appropriate approve all non-audit work to be carried out by the external auditor and, where non-audit services are provided, ensure that the relevant disclosures are made in the Annual Report regarding auditor objectivity, independence and the fees paid for non-audit work;

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- consider whether the risk of the withdrawal of the external auditor from the market need be included in risk evaluation and planning;
- if the external auditor were to resign, investigate the issues giving rise to such resignation and consider whether any action is required;
 - oversee the selection process, where it recommends considering the selection of possible new appointees as external auditor;
 - ensure that the appropriate plans are in place for the audit, at the start of each audit cycle;
 - at the end of the annual audit cycle, assess the effectiveness of the audit process including:
 - reviewing whether the auditor has met the agreed audit plan;
 - understanding the reasons for any changes, including changes in perceived audit risks and the work undertaken by the external auditor to address those risks;
 - reviewing and monitoring management's responsiveness to the external auditors' findings and recommendations;
 - considering the robustness and perceptiveness of the external auditor in their handling of the key accounting and audit judgements identified and in responding to questions from the audit committee, and in their commentary where appropriate on the systems of internal control; and
 - assessing whether the quality of the audit was of a sufficiently high standard, supported by evidence, so that the Committee can justify how it arrived at its conclusion.

7. Annual Report Disclosure

There should be full disclosure of information about the Board.

The Committee shall ensure that this is addressed by:

- disclosing the number of Committee meetings held during the year;
- disclosing how the Committee's performance evaluation has been conducted;
- disclosing how the Committee composition requirements have been addressed, and the names and qualifications of all members of the Committee during the period;
- ensuring that the Annual Report includes an explanation of how the Committee has assessed the independence and effectiveness of the external audit process and the approach taken regarding the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any plans to re-tender.
- disclosing any significant issues that arose during the year and how they have been addressed;
- an explanation of how auditor independence and objectivity are safeguarded if the external auditor provides non-audit services;
- where applicable disclosing the nature and extent of interaction (if any) with the FRC's Corporate Reporting Review Team;
- ensuring that the Terms of Reference for the Committee are generally available upon request and by including these Terms of Reference on the Company's website;
- ensuring the Annual Report contains the Directors' explanation of their responsibility for preparing the financial statements and a statement by the auditor about their reporting responsibilities.

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The Board should ensure that shareholders are provided with sufficient information for them to understand the risk/reward balance to which they are exposed by holding the shares.

The Committee shall ensure disclosure in the Annual Report of:

- the Company's investment objective and investment policy and the Company's full portfolio listing;
- those areas of decision-making reserved for the Board and those over which the portfolio manager has discretion including but not limited to:
 - a) the level of gearing set by the Board and if the portfolio manager operates within pre-set limits;
 - b) the portfolio manager's remit regarding voting and corporate governance issues by reference to its policy in respect of the UK Stewardship Code (if applicable).
- the portfolio manager's overall performance;
- the level of ongoing charges;
- the going concern basis; and
- the viability statement.